

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
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R 161335Z DEC 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 9782

C O N F I D E N T I A L CAIRO 17358

E.O. 11652: GDS
TAGS: ECON EFIN EAID EC
SUBJ: EGYPTIAN BUDGET

REF: CAIRO 17037

1. EGYPTIAN PRESS DECEMBER 16 HEADLINES CABINET MEETING
OF PREVIOUS DAY, AND EMPHASIZES ATTENTION THAT WAS GIVEN TO
ECONOMIC MATTERS. AS REPORTED REFTEL, 1977 BUDGET WAS
PRINCIPAL ITEM TO BE ADDRESSED.

2. FROM AMBIGUITIES IN PRESS, CONFIRMED BY GOE OFFICIALS,
IT APPEARS THAT CABINET WAS UNABLE TO REACH DECISION AS
TO HOW TO HANDLE BUDGET QUESTION. WE ARE ADVISED THAT
ADDITIONAL MEETINGS WILL BE REQUIRED, PERHAPS RUNNING INTO
NEXT WEEK, BEFORE EXTENT TO WHICH KAISOUNI'S PROPOSALS WILL
BE ACCEPTED--OR REJECTED--BECOMES APPARENT.

3. COMMENT: AS FAR AS WE CAN DETERMINE, MEETING WAS NOT
ACRIMONIOUS (OR IF IT WAS, NO ONE IS WILLING TO
TALK ABOUT IT). TO SOME OBSERVERS, PRINCIPALLY
IMF REPS, DELAY IS LOOKED UPON AS PROMISING, E.E.,
BUDGET WAS NOT REJECTED OUT OF HAND, WHICH RAISES
HOPES THAT IT MAY EVENTUALLY BE ADOPTED. THIS
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WILL PROBABLY DEPEND TO A LARGE DEGREE ON WHO IS ABLE
TO MAKE GREATEST IMPRESSION ON PM SALEM: PROPONENTS OF
AUSTERITY, INCLUDING IMF REPS WHO WERE UNABLE TO SEE
HIM PRIOR TO CABINET SESSION; OR MAJORITY OF NON-ECONOMIC
GROUP MINISTERS WHO ARE ALLEGED TO REMAIN OPPOSED.

4. EMBASSY'S PRELIMINARY ASSESSMENT IS THAT CHANCES FOR
PASSAGE OF KAISOUNI'S BUDGET ARE BETTER NOW THAN THEY
WERE PRIOR TO MEETING, BUT THERE WILL STILL BE TOUGH
SLEDDING. WE SUSPECT SOME SORT OF COMPROMISE WILL BE
REACHED WHICH WILL NOT FULLY SATISFY EITHER OF OPPOSING
GROUPS.
EILTS

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